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**From:**

**Sent:** Tuesday, July 13, 2010 2:27:10 PM

**To:**

**Cc:**

**Subject:** Tefra Investor

For your files:

On July 30, 2009, the Federal Circuit held that an overstatement of basis may not constitute an omission from gross income for purposes of the six-year period of limitations under section 6501(e)(1)(A). Salman Ranch Ltd. and William J. Salman v. United States, 573 F.3d 1362 (Fed. Cir. 2009). On November 19, 2009, the Federal Circuit denied the government's petition for rehearing from its adverse opinion filed on July 30, 2009. The government did not file a petition for a writ of certiorari this case and the time period for filing a petition for writ of certiorari has ended. Thus, the decision in this case is final.

Although only Salman Ranch, Ltd. and William J. Salman were named parties in this case, nonpetitioning partners are nevertheless parties to the court proceeding under section 6226(d), the same as if they had personally petitioned. Section 6230(d)(5) provides that we are to issue any refunds automatically. If we fail to issue refunds to any partners entitled to a refund, they would have the right to file a refund claim under section 6230(c). Under that provision, the decision of the above partnership case would be binding on the government for purposes of issuing the refund.

Please note that this decision applies only to period ended December 31, 1999, the year at issue in this case. Further, only partners who previously made advance payments on their potential liabilities are entitled to refunds or returns of their deposits.